

AMENDED IN ASSEMBLY APRIL 27, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2759

**Introduced by Committee on Governmental Organization
(Wesson (Chair), Granlund (Vice Chair), Brewer, Briggs,
Cardoza, Lempert, Longville, Margett, Vincent, Wiggins,
and Wright)**

February 25, 2000

An act to amend ~~Section 23050~~ *Sections 23050 and 25512* of the Business and Professions Code, relating to alcoholic beverages.

LEGISLATIVE COUNSEL'S DIGEST

AB 2759, as amended, Committee on Governmental Organization. Department of Alcoholic Beverage Control: *director licensees: tied-house restrictions.*

Under existing law, the director of the Department of Alcoholic Beverage Control is required to be a member of the Governor's Council, and before entering upon the duties of the office, is required to execute an official bond to the state for \$25,000.

This bill would remove those requirements.

Existing provisions of the Alcoholic Beverage Control Act known as "tied-house" restrictions generally prohibit an on-sale alcoholic beverage licensee from having an ownership interest in an alcoholic beverage manufacturer. Existing law allows as an exception to those provisions a holder of no more than 8 on-sale licenses to hold not more than 16.67% of the

stock of a corporation that holds beer manufacturer licenses that are located in Sacramento, Placer, El Dorado, Marin, or Napa County.

This bill would remove El Dorado and Marin Counties, and add Contra Costa and San Joaquin Counties to the authorized locations.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 23050 of the Business and
2 Professions Code is amended to read:

3 23050. There is in the State Government a
4 Department of Alcoholic Beverage Control. The
5 department shall be administered through a civil
6 executive officer who shall be known as the Director of
7 Alcoholic Beverage Control. The director shall be
8 appointed and shall serve as provided in Section 22 of
9 Article XX of the Constitution and shall receive an annual
10 salary as provided for by Chapter 6 of Part 1 of Division
11 3 of Title 2 of the Government Code.

12 SEC. 2. Section 25512 of the Business and Professions
13 Code is amended to read:

14 25512. (a) Notwithstanding any other provision of
15 this division, any licensee or officer, director, employee,
16 or agent of a licensee that holds no more than eight
17 on-sale licenses may also hold not more than 16.67 percent
18 of the stock of a corporation that holds beer manufacturer
19 licenses issued pursuant to paragraph (1) of subdivision
20 (a) of Section 23320 that are located in Sacramento,
21 Placer, ~~El Dorado, Marin,~~ Contra Costa, San Joaquin, or
22 Napa County, and may serve on the board of directors
23 and as an officer or employee of that corporate licensed
24 beer manufacturer.

25 (b) An on-sale licensee specified in subdivision (a)
26 shall purchase no alcoholic beverages for sale in this state
27 other than from a licensed wholesaler or winegrower.

28 (c) In enacting this section, the Legislature finds that
29 it is necessary and proper to require a separation between

1 manufacturing interests, wholesale interests, and retail
2 interests in the production and distribution of alcoholic
3 beverages in order to prevent suppliers from dominating
4 local markets through vertical integration and to prevent
5 excessive sales of alcoholic beverages produced by overly
6 aggressive marketing techniques. The Legislature
7 further finds that the exception established by this section
8 to the general prohibition against tied-house interests
9 must be limited to its expressed terms so as not to
10 undermine the general prohibition, and intends that this
11 section be construed accordingly.

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